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Mine rents & mineral royalties ... Special edition

[Wigan]

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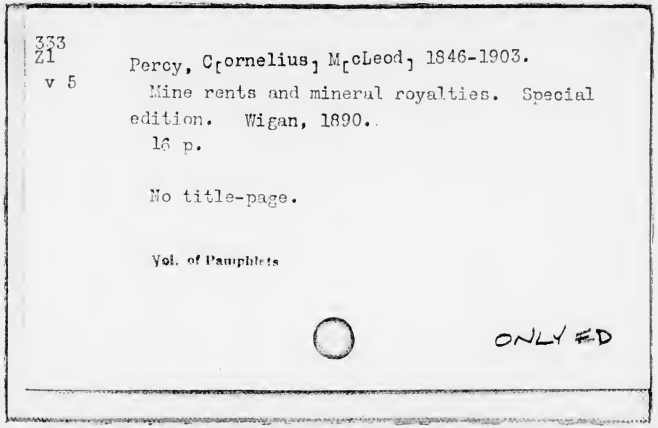
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Mine Rents & Mineral Royalties.

BY C. M. PERCY,

MEM. INST. MECH. ENG., F.G.S.

LECTURER AT THE WIGAN SCHOOL OF MINES.

PREFACE TO SPECIAL EDITION.

The causes leading up to my close association with this important subject are not difficult to explain. I have been practically connected with the mining and kindred industries of the United Kingdom all my life, and at the General Elections of 1885 and 1886 was Parliamentary Candidate in two Lancashire mining constituencies. Naturally I devoted a good deal of my public deliverances to mining questions, and made many speeches in Lancashire and Cheshire upon Mining Royalties. In the early part of 1888 I was invited to place my views before one of our learned societies, and on the understanding that I should be free to state my own opinions in my own way. I consented. The Paper was read and aroused much attention in and out of Parliament, and, I am assured by Members of Parliament, did much to bring about the Royal Commission now sitting, and whose composition and terms of reference are given at the end of this Paper. It has been deemed desirable, as something will now be done to re-write this Paper and make such amendments as may be needed. Some exception has been taken to my estimate of the average amount of Mine Rent and Royalty per ton as being too high. No one can give a correct estimate of the amount, because the requisite information has not been forthcoming. I made enquiry in the most authoritative quarters and ransacked all reliable and obtainable documents, and, writing now two years later, I do not think that I have made an excessive estimate. The Royal Commission, if it does nothing else, and I hope and believe it will do much more, will let us know what the correct amount is for Mine Rent, Mineral Royalty, Overpaid Rent, and Way Leave, per ton, all over the United Kingdom.

When I commenced to speak upon the subject, and when my Paper was just prepared, mining and its kindred industries were in a most deplorable condition; wages were at starvation point, profits had disappeared, and prices were miserably low. Now, in 1890, a long looked for change has come; wages have increased, I hope they will still increase; profits have again put in an appearance, and I hope will long continue to be substantially visible; prices have advanced, and I hope will still advance.

But all this makes no difference in my line of argument. Good times always followed bad times, and always will; bad times always followed good times, and always will; trade always ebbed and flowed.

And is it not a proper thing when trade is brighter to establish such a reformed condition of things that, with abuses removed and remedies applied, we shall bear more easily the duller times which, as surely as we have experienced, we shall experience again? That is my opinion, and hence this Special Edition, which, although re-written and amended, is in facts and arguments substantially the same.

King Street, Wigan,
March, 1890.

C. M. PERCY.

MINE RENTS & MINERAL ROYALTIES.

MINING QUESTIONS ARE NATIONAL QUESTIONS.

It need not be contended in appealing to the great industrial community that anything which vitally affects the mining industry is a national question. There are no means of ascertaining with accuracy, at any rate none at my command, the amount of capital invested at the present time in the United Kingdom; probably I am not overestimating in fixing the amount at one hundred millions sterling. We do know from the statistics now so carefully prepared each year, and published under Government authority, that the number of persons employed in and about our coal and metaliferous mines is about six hundred thousand. Probably the Iron and Steel Works will represent another hundred millions of capital and an additional six hundred thousand persons employed. The position, industrially, which England has made amongst the nations of the earth has been by reason of, and depends on, the continuance of her vast mineral resources. These, once the property of the nation, have been lost through lack of knowledge that they existed, or by carelessness on the part of our State authorities. A correspondent in Scotland sends me a Scotch newspaper, *The Scottish Leader* for 20th February, 1888, containing a letter headed "The law appertaining to mines and minerals." The writer of that letter makes reference to "The Act concerning the Mines," passed in 1592, under James VI., dealing with the mines, metals, and minerals of Scotland, and declared by Crown counsel so recently as 1885 to be "The Regulating Statute." The main provisions of this Act of Parliament are—First, that the right of all mines, metals, and minerals belong undeniably to the Crown; second, that a Crown officer, to be called the Master of Metals, be appointed, who should have all mines under his charge; third, that no private compact between the owners of the surface and lessees, should be recognised without the consent of the Crown; fourth, that the Master of Metals only should have power to authorise the working of any mine; fifth, that the owners of the surface should be bound to grant way leaves and ground for building, and be only entitled to surface damage. The writer of this letter argues that according to law all the mines, metals, and minerals in Scotland belong to the Crown as representing the community. Probably it will not be difficult to show either that this law has been repealed or that the Crown had absolute ownership and gave its right away. I express no opinion on the subject. The letter was sent to me while this paper was under preparation, and it seemed to me then, as it seems still, of sufficient interest and bearing upon our subject to be introduced. One cannot but have a passing feeling of regret that, as a nation, we might have received in hard cash a sum of money approaching within measurable distance to the amount of the National Debt, and have remaining for centuries to come an annual revenue of several millions. This cannot now be restored, and I am no advocate of or sympathiser with Socialistic and Communistic doctrines, but I am an ardent and consistent advocate of Reforms under which we could so utilise the produce of the bowels of the earth to give the greatest amount of national good. The mining industry is not only directly important in itself, with its six hundred thousand persons employed, maintaining one-tenth of the population, but is associated in the closest degree with as many more of the population who are engaged in the iron and steel and engineering industries; and, in a secondary degree, with our engineers on land and our ships on the sea, and our numberless manufactures. Whilst relief to mining relieves and encourages the kindred industries, burdens upon mining have an injurious influence upon all with which it is connected.

CONDITION OF MINING IN THE UNITED KINGDOM, 1888.

What is the condition at the present time (1888), and what has been the condition for many years, in England? I have the honour of addressing those who know, and who can correct me if I am wrong. The records of half a generation are most melancholy, and balance sheets are sad and sorrowful documents. I have had before me whilst writing this paper financial statements of several of the most important coal and iron mining companies in the United Kingdom, and representing a combined capital of several millions sterling. Two of the concerns made a few thousand pounds of profit, but, placing the several statements together, the net result is an actual loss. Wages are low, and I should certainly be exceedingly sorry if it should be found necessary to make still further reductions in the remuneration of a dangerous occupation which is entitled to reasonably good pay. There are some collieries yielding a profit but there are at least as many working at an absolute loss; and I believe that, taking all the collieries and mines of the United Kingdom, and making sufficient allowances for depreciation, very little indeed of profit is being made in 1888 to those who have invested their capital. Mr. Alfred Hewlett, the managing director of the Wigan Coal and Iron Company, and who is an authority upon mining matters second to none in England, in the course of his evidence before the Royal Commission on the depression in trade, which we shall have to refer to again, said that, going back thirty-five years, and including the inflated period of 1872-73-74, when coal was selling at famine prices, he was of opinion that mining had not on an average paid five per cent. on the capital invested. And the able secretary of the Iron and Steel Institute, Mr. J. S. Jeans, who had exceptional opportunities of obtaining reliable information, because, if I mistake not, he is also secretary of the British Iron Trade Association, writes that "The condition of the English iron and steel industries for some ten or twelve years preceding 1888 had been so depressed that the cases in which it had been possible to pay a dividend of five per cent. have been conspicuous rather by their absence than otherwise. Some of the largest works had paid no dividend for years. Coal, the most indigenous of all English industries, appears to have fared no better. The highest authorities on the coal industry unhesitatingly assert that over the period of the past twelve years the trade, as a whole, has not returned two and a half per cent. upon the capital invested, and for this "miserable mess of pottage," says Mr. Jeans, "we are working out as fast as we can the foundations of our prosperity as a manufacturing country."

COMPETITION ABROAD.

Nor do I see how any permanent improvement is to come about (except in one way, which we will mention soon). Prices may and no doubt will have minor elevations and depressions, but there can hardly be any permanent advance to a substantial degree. We have great and enterprising and highly-favoured competitors ever increasing in their competition, and our percentage of the world's productions is becoming less and less. Any comparison of what the various countries produced in coal and iron thirty years ago, and even fifteen years ago, and what they produce now, would prove this in a remarkable degree. In 1854 England produced as much iron as all the other countries of the world combined, and that, as we shall endeavour to show presently, is certainly not at all the condition of things now. In one important article of manufacture, namely, pig iron, we have fallen from one-half to one-third of the world's production, not that England makes a less amount per year, we have increased, but not proportionately with other lands. The continent of America has boundless natural resources, which are being developed with marvellous rapidity. I have been reading a good deal lately in American papers, with which my many friends in the United States favour me, about the rise and progress of Pittsburg, which will in my opinion at no remote period become the greatest iron and steel making centre in the world. Even now the eminent American, Mr. Andrew Carnegie, tells us, in a speech made in 1887, whilst on a visit to England, that the works in which he is a partner and actively identified with its management will soon be able to produce half as much steel as all the steel works in the United Kingdom; and it is a fact that last year America made nearly as much pig iron as England, and the number of works is rapidly increasing. [America has increased its pig iron production since.] Some years ago the Pittsburg iron and steel makers had unlimited supplies of coal suitable to their requirements, and got so cheaply that it was delivered at the works at from half-a-crown to three shillings a ton. But now nearly every works in Pittsburg is using for all purposes of heating, steam generation, and illumination, natural gas, which is equally effective with coal and at about one-third of the price. Coal, to compete with it, would have to be delivered at the works at one shilling a ton. Some exception has been taken to the statement that coal was ever available at so low a price at Pittsburg, but that only makes the advantages from gas all the greater. I think the statement correct. I am quoting from a paper on natural gas, read by Mr. Carnegie to the Iron and Steel Institute of England in 1886. This wonderful fuel, known as natural gas, rises from depths of one thousand and thirteen hundred feet, and reaches the surface at a pressure of two hundred pounds per square inch. The delivery of increasing quantities has been going on for over twenty years, and can be piped away and used at a distance of many miles. [Recent information from America points to the exhaustion of this natural gas.] During the present year I was visited by two American colliery proprietors and mining engineers from the State of Kentucky. They told me that that State was rich in coal below the soil and in timber above. The land and timber and minerals can be bought out and out for £1 an acre. There are railways and water ways in close proximity. And then our other competitors, such as France and Germany, are free from burdens which oppress England. I mention these points to show that even a considerable increased demand might help us temporarily, but not permanently; there are others in the race, and either with advantages which we do not possess, or free from harassing influences which we do possess. Mr. Jeans writes that the English employer can hold his own against the world if he gets anything like fair play. But he has to meet charges upon his industry which are not equally felt in countries with which he has to compete.

WHAT CAUSED THE PERIOD OF INFLATION?

Many eminent authorities are agreed that the long-continued period of depression is attributable to the limited, very limited, period of inflation which commenced some sixteen years before, and almost ended before it had established itself. That opinion

I endorse. But there is not the same unanimity of opinion as to how exactly the inflation afterwards produced so severe and so prolonged a time of depression. I venture an opinion: when our good times set in, America had recovered from the temporarily ruinous and prostrating influences of her four years' civil war, and had plenty of money, and enormous industrial demands which she could not anything like meet. Her iron and steel and engineering works, now equal to anything we have in England, were then only in their childhood. The Franco-German war had for more than a year completely paralysed the industries, not only of the two nations, France and Germany, that were actually engaged, but all the continental nations of Europe, who, themselves armed to the teeth, were watching the conflict, not knowing how soon they might be drawn in. When the war ended the industrial arrears had to be recovered. Germany had drawn a prize in the lottery of war amounting to two hundred millions sterling, and was ready to spend. France, which had expelled a dynasty and sacrificed two provinces, displayed a characteristic lightness of heart, and, rising like a phœnix from its ashes, sent hundreds of millions of money into the national treasury. Other European Powers also commenced to spend more or less. America was a great customer, and England became in very truth the workshop of the world. Demands were greater than the supply; prices went up by leaps and bound; pig iron touched ten pounds a ton; coal passed a sovereign a ton, and we were threatened with a coal famine.

WHAT CAUSED THE PERIOD OF DEPRESSION?

I am afraid that we all thought that what, after all, was merely an incident was the commencement of an era; many even of our safest men lost their balance; all the minerals that could be leased were leased, and on landlords' terms, as they were masters of the situation. Mr. Hewlett, in his evidence before the Royal Commission, said that during 1872 to 1875 leases were granted on very much higher terms than before. Mr. J. T. Smith, of Barrow, before the same Royal Commission, said that during those memorable years iron ore on the west coast of England was leased on royalties as high as ten shillings a ton. The fleeting incident of inflation soon came to an end; we had taught our customers a lesson—they became our competitors, and commenced a development of their several resources, which development has gone on with increasing force ever since, and, so far from having spent itself, that competition in the future will be even keener than in the past. We have already mentioned that in 1853 England made as much iron as all the rest of the world combined. Even in 1874, towards the end of our brief period of inflation, England's production of pig iron was nearly half the production of the world, the exact figures being forty-seven per cent. Now, taking last year as a basis, we produce only one-third of the total production of pig iron. [And now in 1890 our production is even less.] Of manufactured pig iron we produce one-fourth of the total production. Of steel in all its branches we produce only one-third of the total production. And, taking as a very remarkable illustration of the now popular method of manufacture commenced ten years ago, and has now grown to 1,500,000 tons annually, of which we in England, the country of its invention, and the foremost iron and steel nation of the world, only produce one-fifth, that is, for every ton of basic steel which England makes, other countries make four tons. The prosperous period gave an impetus to social legislation, Mines Acts and Mines Amendment Acts followed each other, increasing, and substantially, too, the price of coal getting. I have endeavoured to arrive at what actual burden has been imposed by Mines Acts, including 1872 and 1887. It was stated before the Royal Commission that ironmasters in Scotland charged it with between three and four shillings on a ton of pig iron, but this was evidently an exaggeration. Mr. Hewlett, in his evidence, said that unfortunately every Act of Parliament relating to mining had increased the cost of working, and he estimated the increased cost of the Act of 1872 at eightpence a ton. I saw the other day a paragraph in our principal English mining paper which stated that the coalowners of the United Kingdom are finding out that the new Mines Act of 1887 is adding very considerably to the cost of working collieries, and therefore to the cost of producing coal. With the provision of new lamps, ambulance appliances, additional workmen, and additional machines of various kinds needed, it has been computed that at many collieries the cost of producing the coal will be increased threepence a ton. An eminent iron and steel master and colliery proprietor, Earl Granville, in a speech in the House of Lords, put the increased cost by legislation at from one shilling to two shillings per ton of coal. I have decided to put the additional cost of all the Acts and amendments, commencing 1872 and ending 1887, at one shilling per ton of coal. Sanitary and educational and other legislation, by adding to local rates, has still further increased the cost of coal production. Even the various Acts of Parliament relating to employers' liability have added something. One Lancashire colliery firm has been affected under this latter head alone to the extent of fourteen hundred pounds a year. All this could have been borne, and would have been borne philosophically; but prices went deplorably lower and lower, while expenses were going higher and higher; and there seems to me, for reasons given and others that we shall give, no good ground for hoping either that prices will permanently and substantially increase or that expenses will

decrease. [It must not be assumed that I am opposed to these Acts of Parliament. I supported them all. I am only recording a fact when I say that each Act of Parliament means increased cost of working.]

SOMETHING MUST BE DONE.

During the many centuries in which our great English industries have been built up, our native genius and enterprise and national spirit have always met and overcome difficulties which have arisen. When timber became scarce three hundred years ago we introduced coal; when in the present generation iron threatened to become obsolete we introduced new processes, re-modelled our plant, and launched out into the manufacture of steel. A greater difficulty now stares us in the face, and must be swept away as all our previous troubles have been, and will be swept away if Englishmen of the present are like Englishmen of the past, animated with a national patriotism and honesty. We want a readjustment, fair and equitable, in the arrangements now existing between the parties and interests of mining operations.

EXISTING BURDENS AND SUGGESTED REMEDIES.—MR. MASKELL PEACE'S BILL FOR RELIEF OF MINERAL TENANTS.

When proposals are made, as they have been and are being made, to interfere with mine rents, objection is taken, and perhaps not at all unnaturally, that there ought not to be interference with contracts duly entered into, and that each party should abide by undertakings made for better or worse. To this it may be said that the very existence of nations implies that there shall be a power competent to make any and all needful arrangements in the interests of the common weal. The present generation is getting quite accustomed to such State interference. We have seen in our day the abolition of purchase in the army, and the abolition of the truck system, the passing of the Hares and Rabbits Bill, giving to the tenant, whatever agreement he may have entered into with his landlord, an absolute property in the ground game on the land which he rents; the passing of the measures dealing with employers' liability, which in their latest phase as emanating from a Select Committee of the House of Commons makes compensation to workmen compulsory, no matter what contracts an employer may make with his employés; the establishment of a Railway Commission with powers to modify railway charges; and, most important of all, a Land Commission, which has very recently made a wholesale reduction in agricultural rents. And those who advocate interference in mining leases contend that mining operations have a special claim. In a "Bill for the Relief of Mineral Tenants," prepared by my distinguished friend, Mr. Maskell William Peace, secretary and solicitor to the Mining Association of Great Britain, and introduced into the 1888 Session of Parliament, but not considered, a copy of which he has kindly placed at my disposal, and whose very high authority on matters affecting mining will be readily admitted alike by miners and colliery proprietors and mine owners, he gives reasons for interference with existing contracts, so much better than I can advance, that I quote them here. Mr. Peace says, with respect to the special grievance of mineral tenants, which he proposes to redress by his bill, "It should be borne in mind what the late Lord Chancellor Cairns said of mining leases: 'But without pursuing the question with respect to agricultural leases further, I should doubt extremely whether dicta of this kind apply at all to the leases of mining subjects; for although we speak of a mineral lease, or a lease of mines, the contract is not in reality a lease at all in the sense in which we speak of an agricultural lease. There is no fruit—that is to say, there is no increase, there is no sowing or reaping in the ordinary sense of the term; and there are no periodical harvests. What we call a mineral lease is really, when properly considered, a sale out and out of a portion of the land. It is liberty given to a particular individual, for a specific length of time, to go into and under the land, and to get certain things there if he can find them, and to take them away just as if he had bought so much of the soil. It is very difficult to apply to a case of this kind dicta which evidently relate to the ordinary process of agriculture.'" Mr. Peace proceeds to show that "it has been found politic from time to time to mitigate the stringency of leases in favour of the tenant. The power of re-entry for non-payment of rent was relieved by statute, so that upon a payment of the rent the re-entry clause should not operate; and several Acts were passed which mitigated the power of re-entry on the part of the landlord for all breaches of the lease, except assignment without consent, and enabled the Chancery Division of the High Court of Justice to assess damages for breach of contract in lieu of re-entry." Mr. Peace's bill was to provide against loss of the enormous sums known as overpaid mine rents, and he furnishes some very cogent reasons for relief. "The coal which has not been got is not left through any fault of the lessee, but in consequence of a long period of depression following upon a comparatively short period of inflation. A condition of things has arisen with which mine tenants are unable to cope, which no forethought could have anticipated, and which no energy could counteract. The market is unable to receive the number of tons which the tenants have bound themselves to pay for during the terms of their leases. At the time that a very large number of the existing

mineral leases were made, it was evidently anticipated both by landlords and tenants that the prosperous state of things then existing would continue. This, as is only too well known, has not been the case, and only by an alteration of the law can an adjustment be made. Many landlords could grant relief, but will not, others acting as trustees plead inability." [I had a letter a few days ago from a mining engineer, saying that the great difficulty in working an important mine with which he was connected arose from the outcil preventing the tenants for life giving permission to interfere with the surface at certain places, necessitating the workings being driven in enormous distances. In this particular case the acting landlord would remedy the evil but the law would not allow him.] Mr. Peace continues: "The result of the existing condition of things, so different from what was anticipated when leases were made, is, that in taking coal on which very large sums of money as certain rent have to be paid to the landlords annually, the tenant, while seeking to recoup himself for this payment, will pull every ton of mineral he can out of the mine, and if his royalty is leased from several landlords, he may also be tempted to work the minerals with a view to a payment rather than in a workmanlike manner and in the safest way. The result is, the market gets overstocked and glutted with over-production, no profits are realised by the tenants, and low wages are paid to the miner." Mr. Peace adds that "the total amounts of overpaid certain rents in respect of coals leased in England is estimated at many thousands of pounds." We may venture to say that the actual amount now standing as overpaid mine rents is certainly hundreds of thousands, and it may be even millions of pounds, much of which we fear is lost beyond recall. A good deal we venture to hope will not be lost. One exceptionally well-managed colliery firm in Lancashire has alone paid over three hundred thousand pounds. [Another Lancashire firm went into liquidation, which had paid £80,000 in overpaid mine rent.] Mr. Peace's bill deals only with those overpaid mine rents, and the Court of Chancery under his proposals was to be empowered to extend the term for a period not exceeding one-third of the original term, and of course during this extended term no rent would be claimable on coal already paid for. Whatever can be said as to other suggestions that may be made in this paper, there ought to be no difference of opinion as to the necessity for this very just and mild reform. A royalty receiver has no more moral right to coal which he has been paid for than a man has to keep a house, or a horse, or a waggon of coals, or a farm, or shares in a concern, for which payment has been made. And yet I suppose that under the existing law a colliery firm may pay hundreds of thousands of pounds for coals which by causes beyond their control they cannot work during the term of their lease, and that same coal can be leased again and paid for again, although, as Lord Chancellor Cairns judicially and forcibly puts it, that coal has been sold out and out. I wish to use no needlessly strong language, but such a condition of things clashes with the general idea of fairness and justice.

SUGGESTED REMEDIES.—MR. W. Y. CRAIG'S CHAMBER OF COMMERCE RESOLUTIONS.

Another very distinguished friend of mine, Mr. W. Y. Craig, formerly M.P., for the undivided division of North Staffordshire, and with large experience of mining, has gone very much into the question with which we are now dealing, and under his guidance the North Staffordshire Chamber of Commerce framed certain resolutions calling for an alteration of the law, and the annual meeting of the Associated Chambers of Commerce of the United Kingdom, on the motion of Mr. Craig, seconded by another eminent mining authority, my friend Mr. W. S. Barrett, and supported by Sir Bernard Samuelson, ratified their resolutions; therefore they come to us with very high recommendations. In a communication with which Mr. Craig has favoured me he says the resolutions did not reach all that he could have desired, "but their adoption into law would establish a just and righteous principle of leasing in place of that at present existing, which, in plain language, is a moral fraud. As matters now are a lessor has power to bargain for capital and skill to be applied to his property in search of mines, and to work mines, the lessee having to pay a fixed rent for what is, it may be, unproved, and which can only be won and worked at the cost of that lessee. He (the lessee) is further bound to pay a royalty, out of which the fixed rent may be liquidated if sufficient, but if short, such fixed rent remains the property of the lessor. His (the lessee's) best advisers may have estimated what his capital expenditure would amount to, but as all such calculations necessarily rest on speculative grounds, it may, and frequently does, happen that an expenditure estimated at, say £100,000, becomes twice or thrice this amount before the mine becomes remunerative. The lessor may, if he desires, raise on mortgage £50,000 for his own uses on the improvement of his property, but the man who made it—the lessee—cannot raise a penny without written consent, which is generally withheld. Should the lessee be driven into bankruptcy owing to the exhaustion of his means and his inability to borrow on the security of his lease, the lessor can re-enter and take possession of all at breaking up value, which in the case of £150,000, might probably be about £10,000." Mr. Craig's resolutions provide that mining lessees shall have the

right to assign, sell, or under-let their property and rights in the mines leased to them, subject to their remaining responsible to the lessor; further, that on lessors exercising their right of re-entry and forfeiture during the term of any lease, they should compensate their lessees for the amount of capital invested by them on the mines according to their market value, and that lessees should have the option of requiring mine rents and royalties to be adjusted on a fair basis according to the fluctuation of the market, and that there should be established in every mining district a mining tribunal, empowered to deal with the matters referred to by the resolutions, and that such court should consist of one legal assessor and two mining assessors. It will be seen that Mr. Craig's resolutions, which commend themselves to not only the mining community of his own district, but to the Associated Chamber of Commerce representing the trade of the United Kingdom, are more far reaching than Mr. Peace's extremely moderate bill, but the principle of relief to mineral tenants underlies them both. Mr. Craig in his communication to myself argues that "his resolutions should become law, and are demanded on the grounds that the contracts between lessors and lessees are immoral, inasmuch as they effect the interests of third parties, namely the workmen have less wages, as the capital must be redeemed within a short period, owing to the risk of its falling into the lessor's hands by virtue, or, to speak more plainly, by vice of the lease; the workmen and the general public are often ruined by the sudden stoppage of work owing to the re-entry of lessors. In one case a colliery employing 1,000 men was stopped for two years, and in another case a colliery employing 1,500 hands was stopped and has not since resumed work, practically ruining thousands of a population. The re-entry in both cases was in consequence of inability to pay rent, and three years' back rent cancelled the lessors' obligations to pay anything, that is, the lessors claimed everything in lieu of three years' mine rent. The lessees lost all." Both these cases were in Mr. Craig's own county of Staffordshire, in which the subject we are now discussing is a burning question. Mr. Craig's especial points are that any lessor on re-entry should be liable to pay full market value, and that mine rent should be by sliding scale, placing lessor and lessee on the same footing as to good times and bad times. This regulation did not touch the question as to the amount of royalty per ton. His wish was to establish a righteous principle, and the amount of royalty would regulate itself.

MR. THOMAS COLBORNE ON FINES FOR TRANSFER OF LEASES.

Whilst engaged in preparing this edition of this pamphlet I received a goodly number of communications, and amongst them one from a Newport (Monmouthshire) solicitor, advocating a reform in the law relating to Mineral Leases. He states that when the Irish Land Acts were passed, it was urged by the Government that as a rule the landlord in Ireland supplies nothing but the land, the tenant supplying all that is necessary to reclaim, improve, and till the land, and render it productive. My correspondent argues if this is so with regard to agricultural tenancies in Ireland, much more is it the case with regard to the tenancies of mineral property in England, in which the tenant provides the capital for opening, developing, and working the minerals, and the owner of the minerals becomes possessed of a large income at the outlay and risk of his tenant. In many cases the coalfield is let in its crude and undeveloped state, and the whole risk and expense of sinking pits, erecting machinery, providing plant, opening and developing the minerals, and forming a trading connection falls upon the tenant—the fortunate owner of mineral property, without any contribution or risk on his part, receiving his rents and royalties whether the colliery be worked to a profit or loss. There are few instances of a colliery being brought into working or paying order at the original or estimated cost. A tenant starts upon the undertaking with a certain amount of capital, say from £20,000 to £100,000, and after spending the money finds a further sum necessary, and must either borrow, take a partner, or sell, but generally requires for this purpose the consent of the landlord to the transfer of the lease. Generally this consent is given as a matter of course, unless there is some substantial objection to the transfer, and it was such a settled principle that such consent should not be harshly withheld or made the means of extracting money from the pocket of the tenant, that any objection to the insertion of the clause has been taken as a personal affront to the landlord, and as implying a doubt of his honour, or that he would act otherwise than fairly towards his tenant. My correspondent mentions a case in which in 1869 a lease was granted for a term extending until 1894, at a fixed certain minimum royalty which had to be paid whether any coal was worked or not, and if any more coal was got than the minimum rent represented, all that additional quantity paid additional royalty. The tenant expended £50,000, and in 1875 asked the consent of his landlord to the transfer of his lease. The landlord demanded a fine amounting to ten years' rent, and ultimately accepted a fine equal to five years' rent. In 1877 the lease was again transferred, and the landlord made a further demand of a fine amounting to five years' rent, and ultimately accepted a fine equal to three years' rent. So that here we have a landlord who secures for himself a substantial minimum rent each year whether coal is got or not; also secures a royalty per ton on all coal above the minimum quantity; demands in eighteen months fines

representing fifteen years' additional rent, and actually obtains fines equal to eight years' rent, and simply for consenting to the transfer of the lease. My correspondent, who appears to be a most persistent and enthusiastic advocate of such reforms affecting Mineral Tenants as will make these abuses impossible, brought the matter under the notice of an important meeting of members of the Incorporated Law Society, and obtained a resolution to the following effect: That tenants of mineral properties should be protected against the confiscation of a portion of their capital by the enforcement of fines by lessors under covenants in restraint of assignment or under-letting. He then carried the matter to Parliament, and mentioning the specific case which we have given, succeeded in obtaining an expression of opinion from no less a personage than the Prime Minister (Mr. Gladstone) that it was a question which touched a matter of undoubtedly very great importance, to which it would be the duty of the Government to give its attention. I have considered the matter as well worthy of embodiment in this revised edition, as well as the further interesting statement of my correspondent. A mineral tenant becomes liable for the payment of a tonnage royalty on the coal worked, as well as to a minimum royalty rent, which is payable whether coal representing tonnage royalties to that amount be or be not worked, so that the landlord, whatever be the state and risks of the trade, secures a certain fixed minimum income. The tenant also renders himself liable to hand over the pits at the end of the lease, with the option to the landlord to purchase the plant at practically breaking-up price.

DEBATE ON MINE RENTS IN THE HOUSE OF COMMONS.

In the month of April, 1886, a discussion upon mine rents was raised in Parliament, but so far as I can gather from the records it was taken at a somewhat unfortunate time, and did not arouse much attention. The discussions which are inevitable during coming sessions, will be more opportune, and Parliament will know more about the subject. It was argued then, and I think fairly enough, that the much spoken of freedom of contract did not apply in this case, because minerals were practically a monopoly, and landlords were masters of the situation, and Parliament had always claimed, and latterly was exercising a very free hand in dealing with monopolies, as in the case of railways and land. It was incidentally mentioned during this discussion that the old system of mine rents was entirely different from the present high paid rents and high amounts per ton. The landlord then received a certain proportion of the output; if such was raised his share was proportionate; if none was raised he (the landlord) received nothing. The discussion was upon a resolution to the effect that the existing system of contracting for mining rents and royalties was unsatisfactory, and should be amended by the Legislature on an equitable basis in the interest of all concerned. Such a resolution, no doubt, comes under the head of abstract resolution, of which there are so many in the House of Commons every session; but very many persons engaged in mining sympathised with its spirit. The mover of the resolutions repudiated the idea that they who were associated with him were mere agitators, desirous that the State should relieve them from the responsibility of bad bargains. He would not lift his finger to give such relief. What they were striving for was the relief, not of individuals, but of national industries.

DEPUTATION TO THE HOME SECRETARY ON MINE RENTS.

In the month of March, in the same year, 1886, a very influential and entirely non-partisan deputation of members of Parliament and others waited upon the Home Secretary on the same question. In making mention of Cornwall, a county which has been very much hampered by harassing mining leases, it appeared that mine landlords there possessed and exercised powers as absolute as those of feudal times. Leases are granted usually for twenty-one years. There are heavy fixed rates and dues on the output, paid in very many cases, not from profits, but from actual calls on shareholders, the mines themselves being worked at a loss. Enormous charges are made for surface damage to land, as much as £100 per acre for land whose annual value is £1. At the expiration of the lease the entire plant becomes the property of the landlord. And even when a mine is "shut down" the owners are bound to offer the whole concern, plant and all, to the landlord at a valuation. If he refuses to purchase the plant, and he invariably does refuse, the owners can sell the plant. But all stone built erections and the pit shaft and workings are the property of the landlord. The tenant gets nothing for "unexhausted improvements" which his money has made. [Since then several members have had Bills before Parliament.] Mention was made by the deputation of the coal measures in the Forest of Dean, which are worked at very low profits and very considerable expense, and on which it appears that the Crown had originally a title to a proportion of the profits. The separate quantities let in the Forest of Dean would seem not to be extensive, and are known as "Gales." A re-valuation takes place each twenty-one years, and about twenty-three years ago an arrangement was made under which the Crown received twopence a ton royalty, one penny a ton way-leave, and £6 a year rent. The average profit at the end of the

term was shown to have been twopence per ton for the twenty-one years, and the Crown ought to have received one penny a ton; what the Crown did receive we have mentioned. The re-valuation two years ago stipulated that from that time the Crown should receive threepence a ton royalty, one penny a ton way-leave, and £30 a year rent.

MINE RENTS IN THE UNITED KINGDOM.

COAL ROYALTIES IN THE FOREST OF DEAN.

I have had an opportunity of consulting the printed "Award as to the Coal and Iron Mines in Dean Forest," as made by a Royal Commission which made an inquiry during the years 1838-41. It would appear that well nigh from time immemorial the persons born within the district and had worked one year and one day in a mine. These free miners, of whom at the time of the Commission there were 829, enjoyed the right of working the mines under a licence from the Crown, to whom a nominal payment was made amounting to what seems to have been one-fifth of the profits. The system of operation was regulated by a court or jury of free miners, and documents of their deliberations are now in existence, dating back 220 years. It cannot be said that the free mining arrangement worked well. There was frequent and expensive litigation. The spoliation and destruction of each other's coal was of frequent occurrence. The powers of the free miners' jury were altogether inadequate. The whole spirit of the proceedings was inapplicable to the deep coal. To remedy the confusion, a Royal Commission was appointed to determine in whom the right to work certain mines was invested, and to fix future payments. This Commission, comprising Lr. Buddle, Mr. Sopwith, and Mr. Probyn, made all needful inquiry, and signed their award in 1841. Under this award the rights to work were confirmed. Royalties varying from one penny to twopence per ton on coal, and varying from twopence to fourpence per ton on ironstone, were fixed, and in every separate case a certain rent, which must be paid if no coal and ironstone was worked. As regards the coal mines, two years were allowed in which to open the mine, during which period no royalty and no rent should be payable, and no royalty should be payable on coals consumed by any colliery engines or for other necessary colliery purposes. As regards iron mines, a period of four years was to be allowed for opening out the mine, during which time royalty should not be payable. The certain rents on iron mines varied from £2 per year to £40, and the certain rents on coal mines varied from £1 per year to £250. For the purpose of making this paper as complete as possible, I endeavoured to obtain information from many sources, offering, where privacy was desirable, to mention neither names of persons nor places. From many quarters I have had ready and valuable help. In other places, where much was expected and much really good information could have been given, I was disappointed. Probably the publication of what we have obtained will elicit more. And even now we probably have sufficient reliable data to argue and prove our case.

COAL ROYALTIES IN LANCASHIRE.

What I wish to do is to show, in addition to what we have already shown, what mine rents and mineral royalties are now, and, to some extent, what they have been. First, we will take our own county palatine of Lancashire. It is generally accepted that a fair average coal royalty will be about sixpence per ton. Mr. Alfred Hewlett mentions that amount in his evidence before the Commission on the Depression of Trade, and no man, living or dead, has had more to do with Lancashire mining leases. Mr. Hewlett does not say how much this sixpence per ton is increased by overpaid mine rents, past and present. In his own case I should think that on an output varying from 1,500,000 to 2,000,000 tons a year, and reckoning overpaid mine rent now being paid, and moderate interest on what has been paid, the actual royalty per ton of coal produced will be very considerably more than sixpence. A colliery proprietor told me a week or two since that every ton of coal he was raising had a royalty burden of one shilling and fourpence. I put the Lancashire average at eightpence.

COAL ROYALTIES IN YORKSHIRE.

An eminent authority in Yorkshire writes me that in that county the coal royalties range from fourpence to ninepence a ton, and that in many cases overpaid mine rents make the amount stand at one shilling and thirteenpence. Another Yorkshire authority tells me that leases granted during the years 1872-73-74-75 were in many instances as high as one shilling per ton, and that thirty or forty years ago the average royalty would not exceed fourpence. I put the present average royalty on Yorkshire coal at eightpence per ton on the total production.

COAL ROYALTIES IN DURHAM AND NORTHUMBERLAND.

In county Durham I find that Mr. J. B. Simpson, as representing the Durham Coal Trade Association before the Royal Commission, and connected with both lessors and lessees, said that the royalties in the Durham coalfield were about one-twelfth of

the then selling price, or about fivepence per ton, and that there were heavy charges for way-leaves and fixed rent. In the county of Northumberland, Mr. G. B. Foster, on behalf of the Northumberland Coal Trade Association, and connected with lessors very largely, put the royalties in his county at from fourpence halfpenny to fivepence halfpenny per ton. Sir C. M. Palmer, M.P., and one of the Royal Commissioners, said he knew one colliery in Northumberland which, on an output of 650,000 tons a year, paid a royalty of tenpence per ton. I shall put the average royalties in Durham and Northumberland at eightpence per ton on all coal raised. Several North Country gentlemen, representatives of lessors, say that I have put the average royalty too high. Perhaps I have as regards some collieries, but on the other hand are there not collieries, such as Sir C. M. Palmer named, where the royalty paid is above my average? The references to the evidence given before the Royal Commission mean Lord Iddesleigh's Commission on Depression in Trade.

COAL ROYALTIES IN THE MIDLANDS.

A high authority in Nottinghamshire, and with extensive experience in the coalfield, puts the royalty per ton in the Midlands as varying from sixpence to eightpence per ton, and as that district will know something of the blessings of overpaid mineral rents which are peculiar to no county, I shall venture to put the average royalty on all coal raised at eightpence per ton.

COAL ROYALTIES IN SCOTLAND.

In Scotland there is a very wide range indeed. The royalties are as low as fourpence halfpenny and as high as one shilling and fourpence. Some forty or fifty years ago coal royalty in Scotland varied from twopence to fourpence halfpenny. During the high years of 1872-73-74-75 coal was leased at one shilling and eightpence per ton. I visited in the summer of this year collieries in Scotland at which the royalty paid is one shilling and threepence per ton. I shall put the royalties in Scotland on the very moderate average of eightpence per ton of coal raised.

COAL ROYALTIES IN STAFFORDSHIRE.

The Staffordshire coal royalties are given me by Mr. Craig as varying from sixpence to eightpence per ton, not including overpaid rents. I shall also put this as an average of eightpence per ton on all coal produced.

COAL ROYALTIES IN WALES.

I am indebted to an experienced authority for some reliable information as to coal royalties in South Wales. They are said to vary a good deal according to the character of the coal and also whether the coal is let in its virgin state, the lessee having to sink pits, or whether the coal is let with pits already sunk. The best steam coal was let in the years 1871 and 1872 at 1s. a ton and even higher, but that is now a high royalty for steam coal where the lessee has to sink. Sixpence, eightpence, or ninepence per ton is now more about the average royalty, according to the character of the seam, the distance from port, &c. In North Wales the average royalties are from fivepence to sixpence. Several millions sterling are now invested in North Wales Collieries. During ten years lessees have made nothing. Lessors have pocketed hundreds of thousands of pounds annually. I put coal Royalties in Wales at eightpence per ton.

AVERAGE ROYALTY ON COAL.

Now, the districts I have covered—[the Forest of Dean, which is not, comparatively, a great coalfield, I have mentioned elsewhere]—namely, Lancashire and Yorkshire, and Durham and Northumberland, and Nottinghamshire, and Scotland, and Staffordshire, and the principality sometimes known as gallant little Wales, represent the very large proportion of all the coal raised in the United Kingdom, and it is perfectly fair to say that on the 170 000,000 tons which we produce each year we pay on fixed rents and way-leaves and royalty an average of eightpence per ton, which means an annual tax on our coal industry of more than five and a half millions sterling. But my desire is to fortify myself as far as possible, and I cannot think my average of eightpence excessive when I turn to evidence given before the Royal Commission on the Depression in Trade, and afterwards published, not only in the Parliamentary Blue Books, but by the British Iron Trade Association in a very handy little volume, and find that it stated that the coal royalties of the United Kingdom might be taken at from sixpence to one shilling per ton.

IRONSTONE ROYALTIES IN STAFFORDSHIRE.

I also endeavoured, in my inquiries, to obtain some information about royalties on ironstone. [The Forest of Dean ironstone royalties have been named.] In Staffordshire the calcined ironstone is given as two shillings per ton.

IRONSTONE ROYALTIES IN CLEVELAND.

In the Cleveland district an elaborate statement, placed at my disposal by Sir Bernhard Samuelson and Mr. John Dennington, the able secretary of the Cleveland Mine Owners' Association, shows that the royalty on Cleveland ironstone leased

before 1870 would average fivepence per ton, and that leased during the years leading up to 1874 would average sixpence per ton; but, as Mr. Dennington says, practically all the valuable ironstone in the Cleveland district had been leased previous to 1870. Mr. Dennington, in the very valuable communication which he sent me, shows that in the fourteen years ending 1863 the Cleveland annual ironstone output was 1,250,000 tons; in the nine years ending 1872 the Cleveland annual ironstone output was 3,358,000 tons; and in the fourteen years ending 1886 the Cleveland annual ironstone output was 5,941991 tons; making a total in thirty-seven years of 130,903,946 tons, for which £8,000,000 was paid in royalty. From this 40,000,000 tons of Cleveland pig iron was made, on which the total amount of royalty paid on the ironstone, and the coal (and the limestone reckoned at three halfpence a ton), has been £6,000,000. Mr. Dennington says "the price of pig iron had no parallel years ago with present prices (1888), and royalties that were not felt oppressive then, when iron making was a profitable pursuit, have since been felt to be otherwise. As to the remark, 'You made a bargain, and you must stick to it,' there was no bargain made for the bad times that have been recently experienced. A sliding scale would seem to be the right basis for regulating royalties."

IRONSTONE ROYALTIES IN LINCOLN AND NORTHAMPTON.

In the counties of Lincoln and Northampton the ironstone royalties will reach one shilling per ton.

IRONSTONE ROYALTIES ON THE WEST COAST.

The royalties on iron ore on what is termed the West Coast, which will include Lancashire and Cumberland, were given in evidence before the Royal Commission as two shillings and sixpence per ton; and Mr. J. T. Smith made the startling statement that a diminution by one-half of coal and iron ore royalties would relieve the manufacturers of steel rails to the extent of five shillings a ton.

IRONSTONE ROYALTIES IN SCOTLAND.

In Scotland we find an eminent iron-making firm paying two shillings and sixpence per ton for ironstone now upon which some 40 or 50 years ago the royalty charge was only twopence. I gathered whilst in Scotland during the summer of 1888 that formerly, if not now, the royalty on the famous black band ironstone varied with the market price of a certain brand of pig iron. Some years ago Scotch ironstone royalties rose and fell with market value of a certain quality of Scotch pig iron.

COAL AND IRON ROYALTIES FOR TEN YEARS.

The average yearly production of ironstone in the United Kingdom during the past ten years has not been less than 16,000,000 tons, which, at the very moderate estimate of ninepence per ton, on an average, considerably exceeds an annual royalty payment of half a million of money. The mining industry has been depressed—that is hardly the word now, we want a stronger one to express the condition of affairs—for ten years, up to 1888, and during that period wages have been quite low enough, colliery proprietors' and mine workers' profits, taking them all round, have scarcely been visible, and royalty owners have received upon coal and ironstone and limestone certainly not less and probably more than £60,000,000, out of every considerable portion of which nothing has gone for local rates, whilst the two other parties, colliery proprietors and colliery workmen, have had to pay all local calls. It appears that under a Special Act of Parliament ironstone workers are empowered to deduct one half of all local rates from mine royalties, but this Act does not apply to coal mines. Why not?

ROYALTIES ON TIN, ETC., IN CORNWALL.

Mr. William Thomas, of Camborne, secretary to the Mining Association and Mining Institute of Cornwall, tells me that mines in that country generally pay "dues" of 1-18th to 1-24th of the produce. Exceptional cases pay 1-15th. In addition a Cornish mine would have to pay £100 an acre for land taken up by work heaps, &c. There are many instances, says Mr. Thomas, in which the landlord during pleasure reduces "dues" to 1-30th, 1-40th, or sometimes gives them up entirely; that would be, of course, during periods of depression. Recently attempts have been made to introduce a sliding scale, for instance with tin at or below a fixed price 1-30th, and when above that price 1-20th or 1-24th. The leases generally run for 21 years, and although now it is becoming the general custom to renew leases without fines, a heavy fine is sometimes inflicted. Mr. Thomas continues: If the terms of the leases in Cornwall were always enforced they would indeed be burdensome, but the landlords in 19 cases out of 20 are ready and willing to consider any case of hardship on its merits, and the result is that landlord and mine worker can get on fairly well together. The infliction of the enormous fine of £25,000 at Dolcoath created a very great sensation, and such a thing will not easily be endured again in the country. Public opinion was very strong, and the same Dolcoath landlord gave up all dues at other less productive mines.

LEAD ROYALTIES.

A very good friend of mine, and an eminent mining authority, gives me valuable information as to royalties in the North of England on lead. It would seem that previous to 1882 the mine rents and mineral royalties were on a similar basis to that which still exists as regards coal, namely, fixed minimum rents and royalties per ton, independent of selling price. In 1882 proposals were made to introduce a sliding scale fluctuating according to market value. The proposed scale was as follows:—When the price of the lead ore is at and above £15 per ton, the royalty to be 1-9th or 1-10th; between £14 and £13, 1-12th or 1-15; between £13 and £12, 1-15th or 1-18; between £12 and £11, 1-18th or 1-20th; between £11 and £10, 1-20th or 1-25th; at and below £10, 1-24th or 1-30; or, all round, whatever the price, 1-18th or 1-20th. And now all the principal lead royalties in the north are regulated by a sliding scale in relation to the price of pig lead. The following are two sliding scales of royalty upon lead ore in the North of England, based upon the selling price of pig lead:—

A	Price of Pig Lead.	Royalty.
Above	£20 per ton	1-11th.
Between	£17 and £20	1-11th.
,,	£14 and £17	1-12th.
,,	£13 and £14	1-13th.
,,	£12 and £13	1-14th.
,,	£11 and £12	1-15th.
,,	£10 and £11	1-16th.
At and below	£10	1-18th.

B	Price of Pig Lead.	Royalty.
Above	£21½ per ton	1-7th to 1-10th.
Between	£20 and £21½	1-8th to 1-11th.
,,	£19½ and £20	1-9th to 1-12th.
,,	£17 and £18½	1-10th to 1-13th.
,,	£15½ and £17	1-11th to 1-14th.
,,	£14 and £15½	1-12th to 1-15th.
Under	£14	1-13th to 1-16th.

The two proportionate amounts of royalty as shown upon the latter scales are respectively above and below free drainage. Perhaps a word or two of explanation is needed as to these terms above free drainage and below free drainage. Lead mining is generally in mountainous districts, and adit levels are driven in from the sides of the valleys to the lead veins. The adit levels drain the water above, and answer as haulage roads for the output. When mines have to be worked deeper than the level of the valleys, shafts have to be sunk below water level and the water has to be pumped; hence the terms above and below free drainage. When the water is drained by gravitation and the haulage accomplished by levels, the costs of mining are less than when water has to be pumped and the mineral produce raised up shafts, and the difference in the scales of royalty is partly to compensate for the extra cost. It is an equitable arrangement by which the lessor can induce the lessee to work the deeper mines, which otherwise the low price of lead would not allow the lessees to do with the extra attendant cost. It has been found good policy for the lessor to give this premium upon deeper mining. I am informed that the lead mines of the North of England are held by the lords of the manor, who generally, but not in all cases, hold the surface lands as well. I am further informed that there are in some cases, but not in all, fixed minimum rents, mergeable into the tonnage royalties, but this is the exception and not the rule. I assume from this that the rule is tonnage royalty only, either by sliding scale or a fixed amount per ton.

THE ROYAL COMMISSION AND MINE ROYALTIES.

Royal Commissions appointed by Parliament generally are disappointing. We expect too much, but we get too little. The Royal Commission on the Depression in Trade did report that our mine rents and mineral royalties formed a minor cause of trade depression. The Royal Commission now sitting will, we hope and believe, report very much more strongly.

MINE RENTS IN OTHER COUNTRIES.

I wish now to show, on the authority of the Royal Commission on the Depression in Trade, how mineral royalties oppress English iron and steel makers, and other great users of minerals, and do not oppress those with whom we have an ever-increasing competition. In Germany, which in many industries has been of late years a very keen and too often a successful competitor, the ownership of coal is vested in the State, and also the iron ore. The royalty upon coal is fixed at two per cent. on the profits of the undertaking, and on iron ore there is no royalty at all. No objection on the part of the owner of the soil is allowed to prevent the minerals on his property being worked, such prohibition being considered as inconsistent with the interests of the nation. In France, which, owing to some peculiarity in the climate, seems to be able to manufacture coke in a manner and to a profit which, although tried, has hardly been attainable in England, all coal and ironstone belongs to the State. The fixed rents are

indeed nominal, amounting to one halfpenny per acre, and the royalty is based upon five per cent. of the profits. Suppose we in England make two shillings a ton profit upon our coal, a sum which would represent £17,000,000 sterling a year, and a percentage upon capital which would remind us of the good times which come again no more; or, even supposing we made no profit at all, our royalty charges would average approximately eightpence a ton. But if a German colliery proprietor realises two shillings profit a ton his royalty would be about one halfpenny a ton, and his French rival would have a charge of one penny farthing. If neither of them made any profits, neither of them would pay any royalty at all. In Belgium all the coal belongs to the State, and, in addition to a very nominal fixed rent, the royalty is two and a half per cent. on the profits. Ironstone there practically is none in Belgium; at any rate scarcely any is worked. The minerals in Spain also belong to the State, and are leased on nominal terms. I shall, no doubt, hear it said that whether minerals belong to the State or to private owners the system of basing on profits is wrong, and although we have seen that the arrangement is not confined to the Continent of Europe, but prevailed in England also, I quite agree that the system is not a good one, although I gather from the reports of meetings of mining companies in Cornwall it is finding a good deal of favour there. Good management may realise profit in working when bad management will realise loss, and, in my opinion, whatever may be the future of mining and mineral royalties these latter should not depend on profits. But the non-introduction of just remedies naturally tends to the encouragement of proposals that are not just.

COMPARATIVE EFFECTS OF MINERAL ROYALTIES AT HOME AND ABROAD.

But let us see how the mineral royalties of England affect us in competition in manufactures. In England mineral royalties affect pig iron on an average four shillings and sixpence a ton, plates for shipbuilding five shillings and ninepence a ton, and steel rails five shillings and sixpence a ton. In France the mineral royalties are on pig iron eightpence a ton, on plates for shipbuilding one shilling and three halfpence a ton, and on steel rails elevenpence a ton. In Germany the mineral royalties are on pig iron sixpence a ton, on plates for shipbuilding one shilling a ton, and on steel rails eightpence halfpenny a ton. So that under this head of mineral royalties England has burdens of four shilling and fourpence per ton on pig iron, four shillings and ninepence per ton on plates for shipbuilding, and four shillings and ninepence per ton on steel rails, on which our German competitors know nothing, and four shillings and twopence per ton on pig iron, and four shillings and sevenpence per ton on plates for shipbuilding, and four shilling and sevenpence per ton on steel rails, of which our French rivals know nothing; and we have to compete with these nations in the markets of the world. I am well aware that in England we have some very great natural advantages, that our seams of coal and other minerals are valuable in themselves, and lie convenient to our great industrial centres, and from our limited area lie close, comparatively, to the sea board; also that our workmen, man for man, will probably raise more minerals than in the countries abroad, and that we have the best appliances and the most skilled management. That makes my argument all the stronger. We nearly do hold our own against the world as it is, we could by the removal of artificial drawbacks, beat any and every one of our competitors.

SIR ISAAC LOWTHIAN BELL ON MINERAL ROYALTIES.

Sir Isaac Lowthian Bell's remarks after and upon this comparison are at once so strong and so fair, and express so much better than I can do and with so much more force, that I quote him. He was speaking or writing about 1886, and matters industrially are little better in 1888 than then. "In the present depressed state of the iron trade in the United Kingdom, while ironworkers and mine owners are working at a rate which gives practically no profit to the capital employed, and in many cases results in a loss, it is widely felt as a grievance that landlords to whom royalties are payable receive full amount reserved by the leases. It is contended that should the present low prices continue, those engaged in mining in this country must be reduced to bankruptcy, and a great industry must be extinguished unless the royalty receivers are willing to abate something of their legal rights, which now give them very nearly ten per cent. of the manufactured article." Mr. Craig puts the charges on Staffordshire pig iron at fifteen per cent. of the selling price. Mr. J. B. Simpson, of the Durham Coal Trade Association, said that in Durham, without making any allowance for way-leaves or overpaid rents, the royalty on coal was one-twelfth of the selling price. Mr. Alfred Hewlett said that in Lancashire the coal royalties amounted to ten per cent. of the selling price. Sir Isaac Lowthian Bell continues:—"Royalties in minerals resemble, in the relation to the cost of production and the prices paid by the consumer, the rent paid by agricultural land. That is to say, a royalty will only be payable when the demands for minerals exceeds the supply which can be procured in the easiest and cheapest manner, and the theoretic royalty will be the difference in cost between the cost of production and placing in the common

market of the more favourably situated mine, and that which is most expensive to work, and yet can be worked at a profit. But in practice most lessees of mines are in the enjoyment of a beneficial lease, not a rack rent, for mining leases are necessarily usually for a longer period than agricultural tenancies, owing to the need of the lessee for security of tenure on account of the large amount of the fixed capital required in opening up a mine. Thus, as a new mining district is opened up, the more remote or poorer deposit in a growing trade will be leased possibly at as high a royalty as the richer or more accessible mines, which were leased when the prospects of the district were less assured. But even now the owners of minerals in the less favourably situated mines are forced in a losing trade to make concessions to their lessees, though they are able if they hold out for their full legal rights to see all the capital of the tenant made valueless before the loss begins to fall upon them with regard to their royalty. The subject has been receiving a good deal of attention, and the injustice has been remarked on of the workmen having their wages reduced, and the railway companies having their fares lowered, and the colliery proprietors receiving no return on their capital, while the royalty owners remain unaffected during the long-continued depression. The remedy recommended in some quarters has been a drastic one, namely, confiscation of landlords' rights. I have not," says Sir Isaac Lowthian Bell, "in my experience met a single lessee who dissociates the right of his landlord to the minerals any more than he would question his title to the surface. As is known, when the profits were very high, the landlords had to be content with the same rents that they received under a very different condition of things. It has, however, to be remarked that the present royalties were arrived at by previous experience of the value of the produce of the mine, and there is no reason to doubt that if the present prices of iron had been contemplated as possible when the leases were entered into, some provision would have been made for such a contingency. It would seem, therefore, open for consideration whether by means of a sliding scale the payments of the landlord should not be dependent on the market value of the mineral, a system which in some cases has already been adopted." Such was the reasoning of Sir Isaac Lowthian Bell, who spoke with an unsurpassed authority as a colliery proprietor and an iron and steel maker, who probably knows more of these industries all over the world than any other man, and who certainly has no tinge of the doctrine of confiscation, and his reasoning of two years ago has equal and possibly increased force now. The sliding scale proposal, to vary with market value, is finding much favour all over the United Kingdom, and is certainly a much fairer arrangement than a percentage of profit. There is much reason to believe that most of the ancient leases of coal either gave the lessor a moderate fixed rent, and the lessee could get as much as he pleased without any tonnage, or else the lessor was entitled to a certain fraction of the output. A Scotch correspondent informs me that the very old leases of the Duke of Portland were on these latter lines; and a Lancashire friend suggests that probably the tithe arrangement of one-tenth of the market value prevailed. [It is only just and fair to Sir Isaac Lowthian Bell to say that he is opposed to Parliamentary interference on this matter, and thinks remedy should come by voluntary arrangement.]

CONCLUSION.—THE DUTY OF ROYALTY RECEIVERS.

The somewhat onerous and I fear somewhat too difficult a duty which I have undertaken is about completed, and I have endeavoured, however inefficiently and insufficiently, to discharge it fairly. I do not represent either royalty owners, or colliery proprietors, or workers in England's industries, nor do I appear as a political partisan; I am simply a citizen interested, as all citizens should be, in the welfare of the nation, and I have gladly availed myself of assistance and information from any reliable quarter. To all who have helped me I tender my sincere thanks. I contend that the amount of mineral rent paid per ton in the United Kingdom is too high and must be reduced. The certain rents which were fixed when prices were higher and expenses lower are also too high, and must be reduced and provision made whereby amounts already overpaid can be recouped. Many colliery lessees are responsible for certain rents, work or play, representing more coal than they can possibly raise, and more than they could sell if they did raise it. Allowances are not made for physical difficulties of which nothing could be known when the leases were taken and the pits sunk. One eminently well-managed firm pays over £50,000 a year for dead work in crossing faults which, could they have been anticipated, the leases would never have been taken by anybody. A comparatively small colliery has at present to face an expenditure of £1,200 to get at coal, and rent will go on while this £1,300 is being spent, although no coal will be got. Surely during the period of such expensive and unforeseen operations rent should be suspended. A colliery firm in Scotland expended £50,000 in opening out a mine, and found that remunerative work was impossible, and while being refused the mine ceased work. An important concern of more than 50 years' standing and excellent repute could not contend with existing leases, and has gone into voluntary liquidation. How many others may soon have to follow? I have endeavoured to show how vitally important the mining industry is in England, and that it is crippled and cripples kindred industries on which not only our prosperity

but well nigh our existence as an industrial nation depends. The expenses of mineral production have increased to a degree which could not have been foreseen, and these expenses will not only not diminish, but in all probability increase. Every Act of Parliament relating to mines adds to the cost of production. Can any man say that we have seen the end of Parliamentary legislation affecting mines? Competition in many lands has reduced prices to such an extent which any man to have predicted twenty years ago would have been considered mad, and that increasing competition makes any permanent improvement in prices impossible. Will anyone dispute the increasing competition? In 1860 America did not make 1,000,000 tons of pig iron. Last year that great offshoot of England made nearly 7,000,000 tons, being an increase of seven hundred per cent. Twenty years ago America made 2,550 tons of steel rails. Last year the production was 2½ million tons, leading even England by a long way. In the matter of steel manufacture by our own English basic process, England made in two years combined 623,092 tons. Germany in the same period made 1,986,395 tons. Whilst preparing this paper an ironmaster informed me that even in the manufacture of products to be used in steel manufacture, which for some years has been carried on in England with some success, our German competitors have stepped in and are playing havoc with our trade. Speaking in 1888, wages in England cannot well go lower. Profits have well nigh vanished, and bankruptcy is within measurable distance. The paralysis of our mining and iron and steel industries would be a terrible calamity to England. Relief must come from the quarter which has experienced nothing of the effects of our unparalleled depression, namely, in an abatement of the conditions of mining leases and the amounts of mineral royalties. Public opinion is ripe. I have letters from members of Parliament who are determined to take action, and already bills have been prepared by Mr. Maskell Peace, Mr. Acland, and Mr. Conybeare. Mr. Thomas Burt, who has taken the heartiest interest in this paper, and Sir Walter Foster, and Mr. C. Fenwick, and Mr. A. D. Provand have notices of motion. Mr. John Morley has raised the point as to rating in a public speech, and the Hon. Bernard Coleridge raised the same question during the discussion of the Local Government Bill. I shall be told, and have been told, that as a matter of fact royalty owners do now make a reduction; but that reduction is simply an isolated and temporary concession during the good pleasure of the lessor, and gives the lessee no security for his capital and little hope for the future. Firms with hundreds of thousands of pounds invested want something more substantial in the way of security than mere expectation of temporary relief by a well-intentioned landlord. To make an allowance at will this half-year or next half-year is a hand-to-mouth method of dealing with a very serious question which demands most drastic treatment. I press the matter home to the royalty owners, because they have revelled in the luxury of a settled income—settled in happier times, with pleasant reminiscences and hopeful prospects, while those who have borne the heat and burden of the day—the toilers and the spinners of the mining and kindred communities, have given their time and their money, their genius, and even their lives, contending with a condition of things which they did not make and could not prevent, and hoping on for a better time which has not arrived. Hope deferred maketh the heart sick; depression hopelessly prolonged has driven the ablest and sturdiest English citizens into a condition well nigh of despair. There remains one promised land to which they look, and I earnestly trust that they will not look in vain. We have had not only in England, but in other lands, cases where moderate relief has been too long postponed, and more drastic relief has been enforced. The best safeguard against revolution is reform, and the strongest preventative against the doctrine of confiscation is wise concession. I ask the royalty owners of the United Kingdom, in the interests of the mining and iron and steel industries, and of the nation, and of themselves, to be wise, and, above all, remembering the progressive and democratic age in which we live, to be wise in time; there is danger in delay.

THE MINING ROYALTIES COMMISSION:—

The Earl of Northbrook, chairman; Baron Macnaghten, Sir William Thomas Lewis, Messrs. William Abraham, Alfred Barnes, Thomas Burt, David Dale, George Baker Forster, Henry Hucks Gibbs, Archibald Hood (president of the Mining Association of Great Britain), George Auldjo Jamieson, William Kenrick, John Knowles, Joseph Edwin Crawford Munro (Professor of Law and Political Economy at the Owens College), William Coal Pendarves, Christopher Talbot Redington, Frederick Parker Rhodes, Robert Chisholm Robertson, Josiah Thomas, Charles Algernon Whitmore, and Nicholas Wood. The Commission is to inquire into the amounts paid as royalties, dead rents, and way-leaves on coal, ironstone, iron ore, shale, and the metals of mines subject to the Metalliferous Mines Act, 1872, worked in the United Kingdom, and the terms and conditions under which those payments are made, and into the economic operation thereof upon the mining industries of the country, and into the terms and conditions under which mining enterprise is conducted in India, the colonies, and foreign countries, by the system of concession or otherwise, and the economical operation thereof.

The Royal Commission as mentioned above was granted at the close of the Parliamentary Session of 1889. The terms of reference are fair enough and comprehensive enough, and a fairly good selection of Commissioners has been made, but it might easily have been strengthened without being unduly large. Lancashire should have been more fully represented, and either Mr. Alfred Hewlett or Mr. Maskell Wm. Peace, or both should have been added, together with a representative of the miners. Yorkshire miners were entitled to the nomination of their secretary, Mr. Benjamin Pickard, M.P., and Staffordshire could have sent Mr. W. Y. Craig.

Several years will probably elapse from the formation of the Commission till the presentation of the report, because a good deal has to be done, and Royal Commissioners proceed slowly; that as accidents in mines extended over seven years, what will it recommend?

Something will have to be recommended, and Legislation will have to follow. Perhaps I may be allowed to suggest some desirable reforms:—

First.—We want either a special tribunal to deal with mining leases, or existing tribunals vested with powers to deal with them.

Second.—There should be powers to review and amend the conditions of a lease at stated periods.

Third.—There should be power to extend the term of a lease to enable coal to be worked which has already been paid for.

Fourth.—There should be powers to suspend the payment of rent and royalty, when by causes not controllable the lease shows a considerable amount of overpaid rent.

Fifth.—Mine rents and mineral royalties should contribute to local rates.

Many other reforms will suggest themselves to my readers; I suggest these as, in my opinion, pressing.

Wigan, 1890. C. M. PERCY.

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